Best Practices Paper #5:
Growing Smarter Implementation Project
Infill Development

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Appendices

1.0 INTRODUCTION

This paper is a component of the Maricopa Association of Governments (MAG) Regional Growing Smarter Implementation Project. A series of best practices paper topics were identified following interviews with planning professionals in the MAG region. These papers assist member agencies in two ways. First, economies will be achieved by sharing some of the planning efforts that each community typically does in isolation. Second, innovative planning solutions, implemented within the MAG region and elsewhere, will be highlighted for potential use by MAG member agencies.

The topics for the best practice papers were selected by interviewing planning department staff from all member agencies as well as the State Land Department, Pinal County, Casa Grande and Apache Junction. During the interviews, planners were asked what they felt the most important planning issues are within and outside their jurisdictions. This information was then compiled into a survey, which was forwarded to members of the Planners Stakeholders Group, who prioritized their top issues. Some of the topics were later modified in response to specific requests and a vote by attendees of the March 1,2002 Planners Stakeholders Group meeting.

1. Affordable Housing Policy
2. Adequate Facilities Ordinance
3. Fiscal Impact Fees Comparison
4. Intergovernmental Planning
5. Infill Development
6. Transit Oriented Development

This paper represents the fifth in a series of six. The MAG Planners Stakeholders Group selected Infill Development as a topic for a "best practices" working paper. Members of the group interviewed cited the following reasons for their choice:

- The Growing Smarter/Plus legislation provides support for the creation of infill incentives districts. Although no additional authority was granted, new language explicitly authorizing their use was added.[1] This may make local communities more comfortable with the use of this technique.
- Several communities have used this legislation to provide a framework for implementation policy within the Growing Smarter General Plan Update. A good example of this approach is the new City of Phoenix General Plan section on Infill Policy[2]. The City of Chandler also has an infill policy that was adopted by a resolution of Council on December 13, 2001.[3]
- Several communities are in the process of developing or revising infill incentive programs. It would be useful to have "nuts and bolts" background information on effective processes that have been used to promote infill development in other places.

[1] For language in statute, see Appendix A.
[2] Appendix B is a copy of the City of Phoenix infill policy found in the General Plan.
[3] Appendix C included the City of Chandler Infill Development Policy as adopted by Council.

- Given that rapid transit may soon be a reality for several valley communities, a lack of immediate and effective urban policy to create vital mixed-use development patterns along these lines now may result in lost opportunities. Successful infill development policy would set the character of infill areas now and in the future.
- Demographics show there are many people approaching life stages that will create a new market for vital mixed-use urban centers, the kind urban infill often creates. This opportunity may be lost if the right kind of strategies are not developed and implemented.

This paper contains five parts. First, the background section defines infill and discusses the findings of recent local infill studies. Second, two cities that have been successful in removing internal barriers to infill with innovation, the City of Austin and the City of Tempe, are highlighted. Third, the role of city government in facilitating collaboration between stakeholders in the development process is discussed. Techniques that have been used in other places are described and discussion points on their applicability to Arizona are included. Section four contains overall findings and conclusions. Lastly, section five presents recommendations. .

2.0 BACKGROUND

Infill can be simply defined as

> ***"… the development and redevelopment of vacant and redevelopable parcels of land that are served or could be served by utilities, and are surrounded by established urban areas. Generally, these parcels of land have been by-passed in the normal course of urbanization."***
>
> ***-City of Albuquerque Infill Study***

The MAG region continues to experience rapid substantial growth. It is likely that growth will continue both within the existing urbanized area and at the periphery. The challenge for public agencies will be in creating vital urban centers, in preserving adequate public open space and, in creating/preserving neighborhoods while maintaining a strong regional identity. Sound infill policy must include consideration of where density should be encouraged. How infrastructure, neighborhood policies and city processes impact this potential must also be considered. In the words of Litchfield Park Planning Director Mike Cartsonis, "The grid pattern in this Valley invites good neighborhood planning. If only we would grab the opportunity, these could often define viable neighborhoods, safe from intruding traffic, and sufficient unto themselves for the day-to-day needs of family living."

Local Infill Research

In recent years, several local studies have identified barriers to and opportunities for infill development. The City of Phoenix Planning Department published a study on infill entitled Urban Infill Strategies Phase 1 Opportunities and Barriers Process in March of 1995. The study was the result of interviews with over 60 representative stakeholders in the infill development process. Home builders, apartment developers, commercial developers, housing providers, bankers, appraisers, realtors, neighborhood activists, zoning attorneys, City Council and Planning Commission members, and City staff from various departments were included.

Although participants were characterized as optimistic about the future of infill development, the study identified more barriers than opportunities. Some of the barriers mentioned included crime and the perception of crime, barriers in municipal development approval process, disjointed school districts, and difficulties in obtaining financing due to a lack of comparable projects to use for appraisals.

In 1999, the Land Use Subcommittee of Valley Forward published Shape Your City -- Urban Infill for the Concerned Neighbor. The study defined infill and discussed design elements that make infill important. The following quote is from this study.

> "Infill projects serve to connect elements in a neighborhood. Because neighborhoods in a city are interdependent, creating strong neighborhood identities helps create a strong urban identity."

This work went on to note that infill development potential is affected by a wide variety of factors and that no one stakeholder (local governments, developers, or citizens) can change all of them. These factors were summarized in the report as follows:

- Resistance to change
- Inadequate local government processes to respond effectively to unusual or mixed-use development concepts
- Difficulty in obtaining financing for development forms that, as yet, do not have a fiscal track record of viability
- A reluctance on the part of developers to risk departure from easy and/or proven ways of developing
- Neighborhood resistance based on fears of architectural incompatibility and perceived traffic impact
- Onerous cost of assembling small parcels.

Comprehensive infill development policy is relatively new in the MAG region. Locally, only Phoenix has had housing infill incentives programs for a decade. Glendale and Chandler have adopted similar programs within the last several years. It is difficult to measure the success of these programs given the short timeframe that they have been in place. Chandler has funded projects and still has a fiscal allocation to fund more.

The lack of proven models for good infill policy creates a challenge for local planners developing infill policy. The ones that are proven --in other states-- were created under a legislative framework that is substantially different from the MAG region. There is currently a convergence of market trends, commute sheds and traffic patterns, and impending rapid transit facilities that require the implementation of comprehensive infill strategies to create immediate policy for mature or largely developed communities. Failure to develop appropriate policy could result in development that does not promote functional infill.

3.0 LOCAL GOVERNMENT PROCESSES TO PROMOTE INFILL

The following two case studies, Austin and Tempe, are innovative approaches to creating processes that are easy to navigate and help to remove barriers to infill. In looking at these examples, it is clear that partnerships between developers, local governments and residents are necessary to establish effective, far-reaching infill policy. Although any one of these three stakeholders can initiate such a process, the recent examples of successful processes indicate that local governments are in an excellent position to facilitate this exchange. Some tools that can be used for this exchange and their applicability to Arizona follow the two case studies.

3.1 City of Austin Smart Growth and Development Matrix

Austin, Texas was selected as a case study because it has an innovative, vertically consistent development approval process and is somewhat analogous to cities in the MAG region for the following reasons:

- Austin has several contiguous jurisdictions
- It fits the "western" model of development (with the bulk of growth occurring in recent decades)
- It operates under similar state planning statutes (with few mandatory growth management policies and an emphasis on private property rights and local control)
- It has a similar tax structures (with relatively low property taxes and at least 1/3 of the municipal budget funded by sales tax revenue)

In a program unlike any in the country, the City of Austin has incorporated a smart growth and development matrix into their development approval process. This process was initiated upon the election of a new mayor with a strong commitment to revitalizing the central city. It had become evident that Dallas, Fort Worth and Houston downtowns were beginning to capture new growth and vitality that were not apparent in Austin. The City owned several undeveloped parcels of land downtown. Tax incentives were (and are) politically unpopular, so the mayor charged planners with developing a different approach.

Austin Librach, Director of the Austin Transportation Planning and Sustainability Department, began looking around the country for models that might work. He found an air quality matrix used in Colorado Springs that seemed applicable. Then he expanded the City of Austin Smart Growth Development Matrix to include comprehensive policies for smart growth and development. An example of the matrix is presented on the following page.

SMART GROWTH CRITERIA MATRIX

City of Austin Transportation, Planning and Design Department

DEVELOPMENT: _____ **DATE OF REVIEW:** _____

REVIEWER: _____

MARK ONE: ☐ SELF SCORE ☐ PRELIMINARY SCORE ☐ FORMAL SCORE

GOALS	CATEGORY	ELEMENTS	CRITERIA	POINT SYSTEM WEIGHT	VALUE	MAX. POINTS AVAILABLE	SCORE	COMMENTS	TOTAL Possible	TOTAL SCORE
	Eligibility	**1. Neighborhood Plans**	**Project does not conflict with adopted Neighborhood Plan for the area.**							
		2. Historic Review	**Projects proposing demolition/modification of historically significant buildings require review.**							
		3. Incentive Package	**Project may not receive Smart Growth Zone Specific incentives.**							
SMART GROWTH GOAL I: Determine How and Where Development Occurs	Location (87 points)	**1. Smart Growth Zones** *(Eligible for only one zone - A,B, or C for a maximum possible 45 points)*								
		A. Downtown	1. Anywhere	5	5	25				
			2. Within a 1 block radius of a CMTA bus stop	5	4	20				
			3. Consistent with transit station area plan							0
		or B. Urban Core	1. Anywhere	4	3	12				
			2. Within one lot deep of a Smart Growth Corridor	4	4	16				
			3. Consistent with transit station area plan							0
		or C. Desired Development Zone (DDZ) inside City Limits	1. Anywhere	3	1	3				
			2. Within one lot deep of a Smart Growth Corridor/park & ride	3	3	9				
			3. Consistent with transit station area plan						45	0
		2. Location Risk	A. Focus on area of economic need	4	3	12				
			B. A "Trail Blazer" in an untested market			30			42	0
	Process (135 pts)	**1. Neighborhood Planning** *(Choose A or B)*	A. Requires dialogue and support by adjacent neighborhoods (Projects outside of Downtown)			75			75	0
			B. Downtown Projects			35				
		2. Design Commission *(Choose A or B)*	A. Presentation & endorsement of plans without conditions (Projects outside of Downtown)	5	2	10				
			B. Downtown Projects			50			50	0
		3. Historic Landmark Commission	A. Presentation & endorsement of plans without conditions	5	5	25				
			B. Historically zoned buildings or buildings within a historic district			50			50	0
	Critical Mass (24 points)	**1. Threshold Density**								
		A. Population (DUA)	1. Meets minimum threshold to support transit	3	4	12				
			(7 to 12 dua average w/in one lot deep of Proposed Smart Growth Corridors. 12-25 dua average in Downtown)							
			(Consistent with transit station area plan)							
		B. Employment (FAR)	2. Meets minimum threshold to support transit	3	4	12				
			(Min. FAR of .35 w/in one lot deep of Proposed Smart Growth Corridors or min. FAR of .5 in Downtown)							
			(Consistent with transit station area plan)						24	0
	Land Use (110 points)	**1. Land Use Contribution** *(Eligible for only one-A,B, or C for a maximum possible 35 points)*								
		A. Downtown Projects	1. Regional draw - retail (anchor retail), entertainment, or cultural center	5	3	15				
			2. Greater than 200 new housing units	5	4	20				0
		or B. Urban Core Projects	1. Regional draw - retail (anchor retail), entertainment, or cultural center	4	3	12				
			2. Variety of housing types (apartments, rowhouses, SF)	4	3	12				
			3. Greater than 200 new housing units	4	1	4				0
		or C. Traditional Neighborhood Projects	1. Meets TND codes and ordinances	3	3	9				
			2. Variety of housing types (rowhouses, gar. apts, sf)	3	3	9				
			3. Town Center with neighborhood retail	3	3	9			35	0

GOALS	CATEGORY	ELEMENTS	CRITERIA	POINT SYSTEM			SCORE			
			Criteria based on information that is not complete or available for scoring	WEIGHT	VALUE	MAX. POINTS AVAILABLE	SCORE	COMMENTS	TOTAL Possible	TOTAL SCORE
	Land Use *Continued* (110 points)	**2. Land Use Compatibility**	1. Part of a Downtown District Plan 2. Consistent with a Corridor Plan 3. Consistent with a Transit Node Plan						0	0
		3. Mixed Use per Building (Min. 20% for each use - residential, retail, office)	A. Includes residential above 1st floor	5	4	20				
			B. Street level pedestrian uses	5	3	15				
			C. Includes 2 uses	5	3	15				
			D. Includes 3 uses	5	5	25			75	0
SMART GROWTH GOAL II: Improve Our Quality of Life	Urban Design (44 pts)	**1. Building Facade Treatment**	A. Division of facade into traditional 30'± increments	2	2	4				
			B. Variety of treatment and human scale details	2	2	4				
			C. 50% or more of facade in glass at street level	2	2	4				
			D. Well-defined entrances every 50' on street frontages	2	2	4			16	0
		2. Compatibility with Surrounding Area	A. Appropriate or compatible massing	2	2	4				
			B. Integration of height with abutting facades	2	2	4				
			C. Rear building treatment	2	1	2				
			D. Mechanical equipment screened where visible	2	1	2			12	0
		3. Provision of Accessible Public Outdoor Space	A. Area greater than 500 ft^2	2	2	4				
			B. Provides table and chairs	2	1	2				
			C. Landscape, including trees	2	1	2				
			D. Pedestrian scaled lighting, min. 3 footcandles	2	1	2				
			E. Located adjacent to Greenway or Street	2	1	2				
			F. Provision of outdoor public art	2	2	4			16	0
	Multi-modal Transportation Elements (134 pts)	**1. Transit Coordination**	A. Project includes CMTA participation / coordination	4	5	20			20	0
			B. Provides facilities associated w/ bus to rail transfers							
		2. Building Location on Site	A. Oriented to pedestrian network	3	1	3				
			B. No drive through facilities	3	1	3				
			C. Buildings built up to right of way	3	4	12				
			D. Parking in rear of lot behind building	3	2	6			24	0
		3. Streetscape Treatment for Maximum Pedestrian Comfort	A. Street trees min. 4" caliper, 30' o.c. on all frontages	3	3	9				
			B. Use of smaller scale pavement (pavers or scoring)	3	1	3				
			C. Rain protection (awnings, arcades)	3	1	3				
			D. Maintain existing alleys or extend walkable street grid plan	3	3	9				
			E. First floor level at street level or within 18"	3	1	3				
			F. On street parking along street frontages	3	1	3				
			G. Min. 12' wide clear sidewalk along street frontage	3	3	9				
			H. Provision of pedestrian scale street lighting	3	1	3				
			I. Continuation of existing sidewalk networks	3	2	6				
			J. Crossing treatment at street corners (bulb outs, crossings)	3	4	12			60	0
		4. Alternative Pedestrian and Bicycle Access	A. Greenways							
			1. Access to and no interruption of greenbelt trails	2	2	4				
			2. Office, retail, or residential uses facing creek	2	2	4				
			B. Internal Sidewalk Network							
			1. Pedestrian network linking buildings on site and to streetscape sidewalks	2	4	8				
									16	0
		5. Bicycle Friendly	A. Bike racks (1:10), Bike Lockers (1:50) available	2	3	6				
			B. Locker room facilities, showers and dressing room	2	2	4				
			C. Bicycle linkages	2	2	4			14	0
	Parking (36 pts)	**1. Structured Parking**	A. Structured and/or underground parking	3	4	12				
			B. Ground floor of structured parking retail	3	3	9				
			C. Provides for shared parking for adjacent businesses	3	1	3				
			D. Division of facade into 30'± increments & detailing	3	2	6			30	0
		2. Driveway	A. Minimizes curb cuts along front property line	2	3	6			6	0

GOALS	CATEGORY	ELEMENTS	CRITERIA	POINT SYSTEM WEIGHT	VALUE	MAX. POINTS AVAILABLE	SCORE	COMMENTS	TOTAL Possible	TOTAL SCORE
			Criteria based on information that is not complete or available for scoring							
	Housing (40 pts)	**1. Reasonably Priced Housing**	A. 20% of units for 80% (4 person) AMFI households	5	3	15				
			B. 20% of units for 60% (4 person) AMFI households	5	5	25			40	0
	Local Economy (48 pts)	**1. Neighborhood Stabilization**	A. Traditional neighborhood retail uses	3	3	9				
			B. Neighborhood supported uses	3	3	9			18	0
		2. Promote local business	A. Provision / retention of space for locally owned business	3	4	12				
			B. Project supports or builds local music / film industry	3	4	12				
			C. Use of local contractors and architects	3	2	6			30	0
	Sustainable Building Practices (35 pts)	**1. Building Construction and Environmental Impact (Choose A or B)**								
			A. Green Building Program Participation							
			One star multi-family	5	1	5				
			Two star multi-family / one star commercial	5	2	10				
			Three star multi-family / two star commercial	5	3	15				
			Four star multi-family / three star commercial	5	4	20				
			Five star multi-family / four star commercial	5	5	25				
			B. LEED							
			Certified Rating			10				
			Silver Rating			15				
			Bronze Rating			20				
			Gold Rating			25			25	0
			C. Green Choice Renewable Energy Program	5	2	10			10	0
SMART GROWTH GOAL III: Enhance Our Tax Base		**1. Tax Base Enhancement**	A. Meets AISD 60/40 Goal	4	3	12			12	
		A business case analysis for proposed developments seeking financial incentives is handled separately.				Check:	0			
								% of Total Points		
			GOAL 1 Determine How and Where Development Occurs			**50%**		**0.0**	**356**	**0**
			GOAL 2 Improve our Quality of Life			**48%**		**0.0**	**337**	**0**
			GOAL 3 Enhance our Tax Base			**2%**		**0.0**	**12**	**0**
			TOTAL			**100%**		**0.0**	**705**	**0**

MATRIX THRESHOLD LEVELS

0 to 250 points = No Additional Consideration

251 to 335 points = 50% of All Applicable COA Fees Waived (GF & Enterprise)

For projects that score in the two highest levels a business case analysis sets a not to exceed (NTE) value for the incentive package. The NTE value is based on the present value of the increase in property tax revenues generated by the project over a 5 or 10 year time period. The amount of the incentive package can include up to 100% of applicable COA fees, utility charges (at a 5 or 10 year break even level) and the cost of planned infrastructure accelerated in time for the project.

336 to 420 points = 5 Year Incremental Tax Value NTE

421 to 705 points = 10 Year Incremental Tax Value NTE

Austin staff then drafted a package that is based on principles of smart growth. The package met with favorable reviews from all stakeholders. Each time an applicant files a development proposal, staff provides them with a smart growth matrix checklist. The checklist enables the applicant to quickly determine what the level of staff support is likely to be and what changes can be made to make the proposal more desirable. The response is later formalized in a more traditional adoption process.

The matrix is based on a points system awarded for certain criteria. Projects with a score of 0 to 250 points are given no additional consideration. Those with 251 to 335 points will qualify to have 50% of all eligible fees waived. For highly desired commercial projects in the right locations, applicants are eligible for up to a 5 or 10-year incremental tax break.

Austin faces less complex but similar challenges in the kinds of interjurisdictional conflict resolution that exist in the MAG region. These were somewhat mitigated by Texas planning law. In Texas, counties do not have zoning authority but cities the size of Austin have extraterritorial planning and zoning authority, that extends for 5 miles past their boundaries. Although competition for sales tax is a motivating factor in planning, Texas tax formulas result in a typical city budget comprised in equal thirds of sales tax, property tax and "other" fees and utility taxes. Utility taxes can be transferred to the general fund.

3.2 City of Tempe Code Audit and Revision

There is a growing recognition that local government development codes and processes are often outdated for infill, transit-oriented development, affordable housing and new-urbanist development projects. Many zoning ordinances are similar to those based on the 1920's model legislation that was adopted, place by place, throughout the country. The predominant focus was on the separation of land uses. Fortunately, among the many forces that limit infill development, city codes and processes may be the one which local governments have the most ability to control.

The City of Tempe, which is surrounded by other jurisdictions, is one of the few municipalities with an exclusively mature development pattern. Phoenix, Glendale, Mesa, Chandler and others have significant amounts of mature development and are all looking at some modifications to their processes to encourage infill development. However, all development in Tempe is infill and redevelopment. For this reason, Tempe is often the first to adopt new planning practices geared for mature communities. One such example that will likely be more applicable to developing and emerging communities as they reach a similar stage of development is the comprehensive code audit and revision that is currently underway. City of Tempe staff has worked over the past two years with the consulting firm Otak, Inc.

In 1998, the Oregon Department of Transportation commissioned Otak to develop a comprehensive tool for Oregon Communities to use to audit and update their regulations and procedures. Despite the fact that the handbook was developed under a more restrictive growth management statute than Arizona's, it will likely provide useful background material for local planners. The manual was written to assist local governments in designing and implementing code audit and revision processes to promote infill. Recognizing that many of the participants in the Oregon project were small communities without the resources to hire a consultant or additional staff, the manual utilizes a step-by-step "how to" approach that clearly defines both process and alternatives.

Tempe began such a process two years ago. Tempe currently has the highest population densities in Metro Phoenix, and is well served by public transit thanks to a transit tax that was approved by the voters several years ago. These factors led Tempe to encourage the consultants to "push the envelope" in presenting alternatives for consideration. A citizens advisory committee of 22 people was appointed, with a balanced representation of neighborhoods, single family and multi-family residents, developers and the sign industry. Focus groups were held early in the process, with about 100 people participating. Individual interviews were also conducted.

Although the City of Tempe Land Use and Development Code is at this time in draft form and may be revised by subsequent review and comment processes, it seems likely that some landmark changes will result. The following are some of the issues being discussed:

Variances – Significant numbers of variances will, over time, change the standard. For example, if through the variance process a third of all cases have a fence that is 2 feet different than the standard, then the standard may be adjusted to incorporate that difference.

Parking Requirements **-** With its high-density pedestrian character, downtown Tempe functions differently than other parts of the city. Different parking standards are under consideration for this reason. One possibility is that standards will be lowered or some kind of incentive system will be devised to avoid a "sea of asphalt" that would be of detriment to the downtown.

Sign Ordinance **-** During the code audit, it was noted that sign restrictions were written before the existing high-rise construction. The sign ordinance may be revised to reflect these changes.

Mixed-Use Zoning **-** A fourth mixed-use category may be added to promote a new kind of mixed-use development that had not been previously conceived.

Accessory Dwelling Units **-** There has been discussion of adding some version of the accessory dwelling unit to some residential zoning categories.

Commercial Districts **-** A new district may be added to make changes in the spatial patterns of retail and revitalize obsolete centers.

Planning Commission **-** There is some discussion of giving the Planning Commission decision-making authority in development approvals. If this policy were adopted, either side in a development case could appeal and City Council would hear the case, so no recourse would be lost. The effect would be to eliminate this extra hearing when cases are resolved to all stakeholders' satisfaction.
Hearing Officer **-** The hearing officer function may change, with the hearing officer having some additional decision making authority.
Staff **-** Some Tempe neighborhoods are faced with an aging housing stock. A complex approval process may discourage owners of single-family homes from making improvements. Tempe planners want to encourage owners of these homes in their maintenance and renovation endeavors when there would be no adverse impacts to neighbors. Staff may be given the authority to grant some minor approvals over the counter. This would be based on an adopted set of criteria.

3.3 Techniques for Facilitating Collaboration for Infill

There are many participants, aside from a city, who contribute to the viability of successful infill development. Some of these include neighbors, landowners, public schools, developers and lending institutions. The puzzle becomes even more complex when one considers the tax structure, economic conditions, legislative policy and local politics.

Local government is ideally situated to facilitate discussion and collaboration between the various stakeholders to overcome barriers and create opportunity. Work by the City of Phoenix, the City of Albuquerque, and others abound with tools that can be used in discussions that bring all stakeholders to the table. This section presents some of those tools.

3.3.1 Reduced Service Standards and Impact Fees in Target Growth Areas

King County, Washington has adopted different criteria based level of service (LOS) standards for roadway congestion. Development standards increase as the level of urbanization decreases in an attempt to promote infill. At one end of the spectrum, an urbanized area that has adequate HOV and transit capacity will have a low service standard (F) while a rural area that is not developed will have the highest LOS standard (B). Development fees are based on these standards with higher fees being charged for the higher level of service, thereby creating incentives for infill development.

In Lancaster California, development was occurring 10 miles from the urbanized area where land costs were cheaper and fees were the same as for central locations. The city revised its fee program to a marginal cost pricing approach. Lancaster divides the costs into capital improvements costs (one time lump sum expenditure to construct) and annual operation/maintenance costs. Developers are not charged for costs related to existing deficiencies.

Policy Issues for Arizona

- If there is no set policy guiding where development should occur, landowners outside of the incentives area will strenuously oppose these policies.

- The rationale for differential standards and impact fees must be thoroughly documented to avoid a constitutional challenge.

- Aggressive expansion of forms of transportation other than the automobile will be required in the denser areas with higher levels of congestion.

- Also, under Arizona law, local governments would need to find another source of funds to pay the costs of providing infrastructure to urbanized areas where development fees are not assessed.

3.3.2 Implement a Parcel Assembly Program and Strategic Land Banking

Often, the land ownership patterns in central cities are not attractive to developers. Some typical scenarios are small parcels, fragmented ownership, absentee owners, parcels not actively for sale, encumbrances or obsolete buildings that must be removed for development to occur.

Given that most developers work with sites of 20 acres or greater, the assemblage of parcels may prove time consuming and costly. By assembling land, and/or making improvements and removing encumbrances, local governments can improve the odds for development in an organized manner to support long-range plans.

The Washington State Housing Commission and the Vancouver, Washington Housing Commission have done this and determined that land banking is essential to an affordable housing program. Their advice to local jurisdictions is to identify key infill sites at least three to five years in advance to avoid paying inflated prices when speculative investment begins. This may be particularly important for guiding development in the vicinity of a light rail station or other magnet for growth. For example, although the average construction price for multifamily new construction is $86 per square foot in the four-county Seattle Metro area, the cost per square foot around the Portland rail stations has inflated to 140 percent of that level. Purchasing land now, before the speculative cycle begins, can make affordable housing feasible when the time is ripe.[4]

[4] Creager, 1997

Policy Issues for Arizona

- Land assembly can be very expensive, particularly if unanticipated expenses arise associated with environmental clean-up, title encumbrances, and similar expenses.

- Land banking can require considerable start up money in the early stages of the program, before property is resold. If state or federal seed money or loan money is not available, it may require strong citizen support for a bond approval or a unique situation (such as Cleveland's tax delinquency holdings).

- While the land is under local government ownership, it is removed from the tax roles. (Although it may not be producing tax revenue anyway if the property is in default.) Property maintenance will also be necessary until the property is resold. It is possible that a community could generate revenue to offset these costs by leasing the property for some interim use.

- Land banking may not be popular with the real estate industry, particularly those who may profit from land speculation.

- It may be difficult to carry out land assembly and banking on a significant scale without some use of eminent domain powers. It is important to demonstrate a valid public purpose and to proceed with acquisitions based on an adopted plan, particularly if eminent domain is used.

3.3.3 Demonstration Projects and Public Education

Victoria, British Columbia in Canada won several national awards in 2002 for an infill housing project. The purpose of the project was to demonstrate that under appropriate design guidelines, small lot residential projects blend well with existing neighborhoods. Financing for the project was provided under a program sponsored by four national (Canadian) housing organizations.

The city first developed a set of guidelines which emphasized fitting both the immediate and neighborhood context and preserving privacy between close-spaced residences. The guidelines address placement of balconies, decks and windows to respect neighbor's privacy, stepping back buildings to avoid overshadowing neighbors, and building height, setbacks and mass which blends with neighboring property and similar provisions. The guidelines were tested by applying them to small lot housing that pre-dated current city by-laws. The homes were finished with attractive features including arbors, wrap-around verandas, patios with sunny exposures, elegant maple floors, french doors, gas fireplaces and high performance windows. The guidelines were designed for use in small infill projects—building spacing and other aspects of the guidelines would not necessarily work on a larger scale project.

The city then selected a developer to build a prototype project to demonstrate that the guidelines worked. Three detached houses were built on a 7,200 square feet lot divided into three 2,400 square feet lots. The houses sold quickly, in part because the developer was able to price the small lot homes well below the average home cost. The city of Victoria invited neighboring residents and the public to an open house at the prototype project. According to city staff, approximately 300 people attended on the first day and 800 total attended during the open house week. The city surveyed surrounding property owners and open house visitors about their reactions to the project. Despite the higher density, 85 percent of the respondents were 100 percent satisfied with the project. The other 15 percent didn't like one or two aspects about the project. The city convincingly demonstrated that small lot development could be a positive addition to the neighborhood (Lam, 1997).

Snohomish County, Washington has a unique provision for a "temporary housing demonstration program." The county may select up to six projects per year, which will be permitted to deviate from the county's normal development standards provided they meet a general set of program criteria. The purpose of the program is to encourage, demonstrate, and win acceptance for innovative housing that addresses county goals for low/moderate income housing, housing diversity, mixed-use and mixed-income housing, and innovative neighborhood design. The county will track and evaluate these projects to document successes and identify desirable land use code revisions (Snohomish County Code, Sec. 18.51.120).

Vancouver, Washington's experience demonstrates how working with community residents on project design can win acceptance for denser single-family development. The Rosemere neighborhood of Vancouver successfully blocked a 20-unit suburban-style single-family development of mostly 5,000 square feet lots with small houses. Even though the gross density of the project at four units/acre was typical of single-family projects proposed in the city, neighborhood residents did not see it as an asset. The same neighborhood later supported an even higher density project on the same site. A new developer brought in a design consultant team that organized focus groups of neighbors and prospective buyers and used slides to evaluate design preferences. The residents favored housing types similar to those in their neighborhood and reacted favorably to neo-traditional concepts such as front porches, narrow streets and community greens. These design preferences were incorporated into a new plan and developer design standards for the project. Despite the higher density (37 single family units instead of 20 units on the same five acres) there was no opposition to the project—a number of neighbors even voiced support for the project which was approved unanimously at planning commission and city council meetings (Phillips, 1994).

Policy Issues For Arizona

- Demonstration projects generally require adequate investment of public funds to design and construct a quality project that can effectively convince others of a projects viability and acceptability. If the project can motivate private and non-profit developers to undertake similar projects, it will be a worthwhile investment.

3.3.4 Temporary Property Tax Exemptions for Multifamily Housing

Portland, Oregon offers property tax abatement for new infill housing priced under $105,000 in designated "distressed areas". In some cases, the city offers abatements for rehabilitated housing. The benefiting property owner pays no tax on the value of improvements for 10 years. At $15 per $1,000 assessed valuation, the abatement would permit an approximately $125 reduction in monthly mortgage. This makes housing more affordable and expands the market for infill housing, making it more attractive to developers.[5]

Tacoma, Washington has established a successful tax exemption program to stimulate multifamily housing within its 14 mixed-use centers. Of the 11 applications submitted, six have now been approved for exemption by the city council and one pending project appears likely to receive exemption approval. Several of the other project applications were either ineligible, failed to secure financing, are pursuing historic tax exemptions or canceled for other reasons. In its first year, a total of about 300 units were approved for exemption. Of the approved units, 199 are for low income housing units. Several of the projects are parts of mixed-use developments. Tacoma has received new applications for 280 units this year. Tacoma is very optimistic about the incentive program.[6]

Policy Issues for Arizona

- Tax exemptions may not provide much incentive for development of infill sites because, compared to other parts or the country, Arizona property taxes are very low.
- Existing Arizona statutes do not authorize property tax exemptions, and new legislation would be required.
- Tax exemptions would not change up-front costs, which are a greater obstacle to new development than taxes.

3.3.5 Adopt Tax Policies Which Discourage Holding Unimproved Property

Taxing land at a significantly higher rate than property improvements can accelerate development of vacant parcels. Conventional property taxation involves the taxation of both land and the improvements to the land such as buildings. Under this conventional method of taxing property, improving property with buildings or other improvements such as infrastructure increases property value. It also has the negative consequence of triggering higher taxes. This is not an incentive to make improvements to land; in fact, it has the opposite effect.

[5] Michael Harrison, 1994
[6] Teasley and Wilkerson, 1997

A property owner must be certain that the property improvements will produce adequate return and investment to realize desired profits despite increased taxes. As long as tax rates on land are low, a property owner can afford to hold land, in an unimproved state, for speculative purposes. This drives up housing costs and makes infill less tenable.

In 1979, Pittsburgh, Pennsylvania restructured its property tax system to one in which land is taxed at more than five times the tax rate applied to structures on the land. Following this change, Pittsburgh experienced a large and significant increase in levels of building activity during the 1980's--a 70 percent increase on an annual basis over the twenty-year period preceding the reform. At the same time, Pittsburgh instituted a three-year tax abatement program on the additional value from new construction. Pittsburgh studied the issue and concluded that the more powerful incentive is tax abatement on improvement. However, the huge increase in rate on land provides the additional revenue source, which allows the reduction in the rate on improvements.

Policy Issues for Arizona

- It has never been politically popular to raise taxes.
- It would take a constitutional change to apply a differential tax rate. This may be difficult to achieve and opening the constitution to change would result in various interests exerting political force to lobby other changes that may be less desirable.
- Such a tax structure could result in the demolition of low income housing to reduce the tax penalty on the low value improvement.
- Conversely, high tax rates on land might bring land values down and result in more land for affordable housing. (Exemptions were developed to minimize this effect in Pittsburgh.)

3.3.6 Tax Increment Financing Programs

Although Tax Increment Financing (TIF) is not authorized under Arizona Statutes, this method is becoming an increasingly popular way to finance public investment and to stimulate private investment in infill or redevelopment areas. TIF is a tool that may be employed in most other states. The successful experience with TIF in other places suggests that it may be a tool worth pursuing for use in Arizona. From an economic development perspective, the inability to employ TIF's may handicap Arizona communities in competing with other cities around the country in the effort to attract redevelopment interest and resources**.**

Typically, this method works by temporarily freezing the tax base at the pre-development level within a defined district. Property owners continue to pay taxes at the frozen level while the TIF district is in effect. A city or county will then make public improvements to the area, with the expectation that they will attract additional private investment. If the private development occurs, tax revenues will increase above the base level. Existing properties increase in assessed valuation and new development generates new tax revenues thus producing the tax increment. The tax increment is earmarked to finance

selected improvements within the TIF district, rather than going to a community's general fund or to other taxing entities. Typically, a community will sell tax increment bonds at the initiation of the district so that funds are available to finance initial expenses such as infrastructure or land assembly. The annual increment revenues are then used to retire the bonds. Alternately, improvements can be financed on a pay-as-you-go basis from annual tax increment revenues.

In theory, development would not occur in these areas without the stimulating expenditure of public funds. Based on this theory, the community and other taxing entities do not actually lose revenue because taxes would not have increased without the TIF district. Instead, they will benefit from increased taxes when planned improvements are completed and the TIF district expires. TIF, then, is a way of generating and leveraging funds for redevelopment without dipping into traditional revenue sources. Such programs can attract private investment in previously neglected areas, targeted for infill development and redevelopment, which may otherwise go to outlying areas. As a result, it can reinforce efforts to develop target areas first (Planning and Zoning Center, 1991).

Policy Issues For Arizona

- Arizona statutes do not provide the authority for TIF. Year after year, TIF bills have been introduced in the legislature and subsequently opposed by school districts, fire districts and other agencies that apply taxes within the district. This opposition is based on legitimate concerns that existing funding might be jeopardized. A package that carefully evaluates and mitigates the impact on these bodies would be necessary to make the authorization of TIF more palatable. Such comprehensive legislative change can be difficult.
- TIF is sometimes unpopular because of the potential for abuse. There have been cases in which private development is subsidized without public benefit. This could be avoided by incorporating protection that makes TIF available only for specific needs, such as affordable housing or some other high-priority community need into proposed legislation.
- TIF financing alone may not be enough to attract development. It should be considered as part of a strategy in an infill development policy and program.

4.0 FINDINGS

The most effective infill policy is one that is consistently supported throughout other local government policies. Streamlining local policy to accommodate infill development may be the most effective strategy over which cities have purview.

All things being equal, marginal cost pricing of infrastructure might encourage some developers to select infill parcels over greenfields. Targeting specific areas for higher density, mixed-use infill development and, conversely, eliminating others from consideration for this development, consistent neighborhood, historic preservation and environmental policy are other elements that should be considered in infill programs. Cities are also in a position to facilitate a collaborative process of the different stakeholders in infill development.

5.0 RECOMMENDATIONS

1. Most communities have included the framework for infill and redevelopment in the Growing Smarter General Plan Updates. These should be followed up by implementation policies with specific timelines.

2. Mature cities and towns that are considering their infill policies should consider a comprehensive audit of zoning and subdivision ordinances and city processes for impacts on infill, redevelopment and transit oriented development potential.

3. Cities should continue to support marginal cost pricing of infrastructure. As noted in the best practices work on the adequate public facilities ordinances and development fees, most communities do not provide streets, water, and wastewater facilities on the urban periphery from the city general fund.

4. MAG member agencies should work to develop a legislative package of recommended changes to state tax law to promote infill development. Tax measures that have successfully promoted infill development in other places include tax rates that discourage holding unimproved infill sites, the use of 10-year tax exemptions as an incentive, and the ability to establish tax increment financing districts.

5. Cities should develop design guidelines that reduce the impact of new development on existing neighborhoods. Building details, massing, proportions and materials of nearby quality buildings can be used to effectively "blend in" new development. When these are developed with the participation of key stakeholders, they can generate community support for infill development and reduce developer fears of potential project denial based on community rejection.

7. Cities should promote adequate densities for infill. The appropriate density will be different for each site. However, there is a certain density required to make a project financially feasible and to add enough people to the infill area to achieve the goals of a particular city or town. An infill overlay district can include density

bonuses. These should consider standards that provide for subtle transitions between densities.

Appendix A
Arizona Revised Statutes on Infill Incentives Districts for Cities and Towns

9-499.10. Infill incentive districts

A. The governing body of a city or town may designate an infill incentive district in an area in the city or town that meets at least three of the following requirements:

1. There is a large number of vacant older or dilapidated buildings or structures.

2. There is a large number of vacant or underused parcels of property, obsolete or inappropriate lot or parcel sizes or environmentally contaminated sites.

3. There is a large number of buildings or other places where nuisances exist or occur.

4. There is an absence of development and investment activity compared to other areas in the city or town.

5. There is a high occurrence of crime.

6. There is a continuing decline in population.

B. If the governing body establishes an infill incentive district, it shall adopt an infill incentive plan to encourage redevelopment in the district. The plan may include:

1. Expedited zoning or rezoning procedures.

2. Expedited processing of plans and proposals.

3. Waivers of municipal fees for development activities as long as the waivers are not funded by other development fees.

4. Relief from development standards.

Appendix B

City of Phoenix Infill Policy (From General Plan Update Land Use Plan ratified by the voters on March 13, 2002)

GOAL 3 **INFILL:** VACANT AND UNDERDEVELOPED LAND IN THE OLDER PARTS OF THE CITY SHOULD BE DEVELOPED OR REDEVELOPED IN A MANNER THAT IS COMPATIBLE WITH VIABLE EXISTING DEVELOPMENT AND THE LONG TERM CHARACTER AND GOALS FOR THE AREA.

There is a significant amount of land in mostly small vacant parcels and larger, underutilized parcels that could develop and redevelop within the central villages. Development and redevelopment of this land is hampered by high land costs, potential environmental contamination, costs to relocate utilities, surrounding blight, difficulties in assembling parcels, crime and perceptions of crime, and/or concerns about the school systems. The city has provided incentives for developing these areas, through redevelopment area programs and a broader area single-family infill housing program.

Policy:

1. Identify infill development incentive districts in which fees may be waived based on use permit public hearings and an adopted plan for the districts. (Prior to adopting a plan, adopted redevelopment area, specific or neighborhood plans may be used.)

Recommendations:

A. Adopt the proposed infill development incentive districts shown on the General Plan Land Use Map in Figure 28, and prepare an infill incentive districts plan for this area that includes new development prototypes and design guidelines.

B. Amend the Phoenix Zoning Ordinance to allow consideration of modifications to zoning ordinance standards within the adopted infill development incentive districts as use permit rather than variances. Such standards might include some adjustment of height, parking, setback and coverage requirements that apply citywide and are designed for suburban, not urban, locations. Public hearings on each case would still be required.

C. Establish an interdepartmental infill team to provide expedited technical assistance in processing plans and resolving issues.

D. Develop policies and recommendations to encourage compatible infill development for single-family detached and attached housing, multiple family housing, live/work housing, neighborhood retail, and office and industrial uses. Identify ways to provide parks/open space in infill area neighborhoods deficient in open space and recreational opportunities. These policies and recommendations should be based on analysis of the market dynamics of infill projects in various locations within the infill development incentive districts. All infill development should encourage alternative modes of transportation.

E. Provide financial assistance to development that meets published criteria within the infill development incentive districts.

F. Develop programs to overcome disincentives to developing in brownfield areas. (See the Environmental Planning element, goal 3.)

G. Develop programs for eliminating blight and encouraging redevelopment. (See the Conservation, Rehabilitation, and Redevelopment element, Goals2, 3 and 5.)

BENCHMARK/PERFORMANCE MEASURE: ASSIST IN DEVELOPING NEW OR REHABILITATED HOUSING WITHIN THE INFILL DEVELOPMENT INCENTIVE DISTRICTS BY THE END OF 2010. DETERMINE THE TOTAL NUMBER OF NEW OR REHABILITATED UNITS ADDED AND THE NET GAIN OF UNITS IN THE DISTRICTS.

Policy:

2. Identify transitional neighborhoods in which the surrounding land use patterns, zoning districts, and resident desires indicate conversion to commercial and industrial uses.

   The Neighborhood element identifies guidelines for determining when a neighborhood conversion could be appropriate. (See Goal 2, Policy 3.) The Neighborhood element and the Conservation, Rehabilitation, and Redevelopment elements (Goals 3, 5, and 6) identify programs to help preserve, stabilize and upgrade neighborhoods.

Recommendations:

A. Develop policies for orderly transitions that minimize impacts on existing residents during the transition, including working from the perimeter to the interior and encouraging major assemblages.

B. Show transitional land use areas on a map with a “T” and the colors of existing and future land use with stripes.

Policy:

3. Take advantage of the public investment in the Rio Salado Environmental Restoration Project to encourage adjacent compatible new and existing land uses that provide housing and jobs, and maximize opportunities for residents, workers and others to visit and access the river. The Rio Salado is also discussed in Goal 2 on linear open space in the Open Space element.

Recommendations:

A. Develop an area plan for beyond the banks of the Rio Salado to identify areas to be preserved in their current land use or redeveloped with different uses. The plan should maximize the benefits of the public investment, consistent with input from all stakeholders and should include implementation strategies. Determine what incentives may be needed to encourage desired land uses.

B. Identify locations for a Rio Salado scenic drive to provide access and visibility to the Rio Salado project, and new adjacent development.

C. Identify alternative land uses for any lands shown as green (open space – publicly owned), which are actually privately owned. Prior to adoption of an area plan, such land would have as an alternative land use, the abutting land use shown on the current map.

Policy:

4. Establish environmental restoration projects along the entire portion of the Rio Salado located within the Phoenix planning area.

Recommendation:

A. Work with the U.S. Army Corps of Engineers to fund additional Rio Salado projects to cover the areas west of 19th Avenue and east of I-10.

Policy:

5. Encourage the development or redevelopment of vacant and underutilized parcels within the urbanized area that is consistent with the character of the area or with the area's transitional objectives.

Recommendations:

A. Maintain a current inventory of vacant land.

B. Replace the current single-family infill housing program and boundaries with the proposed infill development incentive program and districts that meet state criteria.

C. Identify obstacles to building on vacant individual “orphan” lots in developed single-family subdivisions throughout the city, and recommend strategies to assist.

Appendix C
City of Chandler Policy Adopted by Council Resolution on December 13, 2001

IN-FILL DEVELOPMENT POLICY

State Statutes require that cities identify, in preparation of its General Plan, specific programs and policies to promote in-fill development, and locations where such development should be encouraged. Hence the Chandler General Plan, in its statement of goals, policies, and objectives relative to the Land Use Element, sets forth the following:

GOAL: PROVIDE FOR QUALITY IN-FILL DEVELOPMENT IN DEVELOPED AREAS OF THE CITY.

OBJECTIVE: Consider and develop a program to provide realistic solutions and guidelines to achieve successful in-fill development.

Policy: Identify the market forces that attract the development community to in-fill areas.

Policy: Consider inducements to promote quality in-fill and explore other ways Chandler can assist in providing compatible in-fill development.

Policy: Identify the characteristics, existing development patterns, and other criteria describing in-fill areas where proposals may qualify for an incentive-based program.

Policy: Identify the circumstances where single-use or mixed-use projects must be sensitive to the character and scale of surrounding neighborhoods.

Policy: Utilize techniques such as landscape buffers, building scale, and other features to provide a soft-edge transition to existing development for both residential and non-residential in-fill projects.

Policy: Consider only those proposals that clearly provide a positive contribution to and help the sustainability of the surrounding area.

Policy: Include area residents and property owners in the review of in-fill projects.

To this end, the intent of the In-fill Development Policy is to identify the qualification criteria and general requirements that any given site must meet to be considered as in-fill development (Section I); to specify the incentives granted to such projects (Section II);

and finally, to specify the development standards for these projects (Section III). The Planning & Development Director, or designee(s), shall determine whether any given application meets the qualification criteria, general requirements, and development standards, to qualify for the incentives set forth herein.

Section I. QUALIFICATION CRITERIA AND GENERAL REQUIREMENTS

To be considered as "in-fill development" for the purposes of this policy, the project proposal must comply with all of the following criteria:

(a) The development represents single-family ownership product,[1] either attached or detached, as a single-use project, or as a component of a mixed-use project (only that component constituting the single-family units shall be eligible for the incentives outlined in Section II of this policy).

(b) The project site is located one half (½) mile or further east of the Price Freeway/Loop 101 centerline, and north of the centerline of Pecos Road; and

(c) The project represents new development of a vacant parcel or lot(s) of record, duly recorded in the Office of the Maricopa County Recorder; and

(d) The project site is fully served by water/sewer utilities, paved street access and frontage (upgrades, repairs, or capacity increases of existing infrastructure as required by City Code to accommodate the project proposed, shall not disqualify the project for consideration as in-fill); and

(e) The maximum net site area to be incented generally shall not exceed ten (10) acres, either as a single use project or as a component of a larger mixed used development; and

(f) In the event that the project site is currently zoned for commercial retail use, the Planning & Development Director may require that the project proposal be fully justified by written documentation from the developer, containing evidence that the demographic characteristics of the area within at least a one (1) mile radius, or that market conditions in general, do not support the retail use allowed by its current designation, and further, that such demographics and/or market conditions are unlikely to change significantly in the next five (5) years to warrant any retail use. If required, such written documentation may be submitted prior to, or in conjunction with, the zoning application.

[1] *For purposes of this policy, "single-family ownership product" shall mean dwelling units designed and constructed for owner occupancy, whether such units are attached or detached, including townhomes, condominiums, and other owner-occupant variations, wherein such product is required by City Code to be platted as a subdivision for review and approval by the Mayor and City Council, and recordation in the Office of the Maricopa County Recorder.*

General Requirements

Projects qualifying as in-fill development under the above criteria must comply with the following general requirements:

(a) A written Statement of Intent must be submitted by the developer for approval by the Planning & Development Director. Such statement shall include a description of the specific type(s) of single-family ownership units to be accommodated, development timing if any, the anticipated date of completion, and how the project meets the requirements of this policy.[2] In addition, the Director may require a study documenting the economic viability of the proposed project.

(b) For any project to be granted the incentives provided in Section II of this policy, the developer shall enter into a development agreement with the City, in a form to be approved by the City Attorney, to insure that the project will in fact be developed for the purposes stated by the developer, in conformance with this policy. Said development agreement shall be subject to approval by the Mayor and Council.

(c) For projects which require zoning approval by the Mayor and Council, the developer shall conduct one (1) or more neighborhood meetings, as necessary, giving notice in the manner prescribed in the Chandler Zoning Code relative to zoning amendments, prior to any public hearings being held by the Planning Commission and City Council.

(d) For projects where the existing zoning allows by right all components of the project, the developer shall nevertheless conduct an open house or other communication, to inform the owners of property located within three hundred (300) ft., at least ninety (90) days prior to the start of construction.

(e) Project density shall not be determined or otherwise be affected by this policy, or by any development agreement as may be approved by the Mayor and Council for the project. Rather, such density shall be subject to the limitations set forth by existing zoning, or by the zoning approval as may subsequently be granted by the Mayor and Council, if applicable.

(f) As part of approving any zoning application or development agreement as may come before it, the Mayor and Council must make the finding[3] that

[2] *The Statement of Intent may be submitted prior to, or in conjunction with, an application seeking building permit approval or with an application seeking rezoning/preliminary development plan approval.*

[3] *Such finding by Council may be based, at least in part, upon the developer making effective use of landscape buffers, building orientation(s), building heights, placement of second story windows and balconies, etc., which serve to make a soft-edge transition to existing development, as well as upon*

the development quality of the project as a whole, is at least commensurate with that of the adjoining existing uses, that it demonstrates sensitivity to the character and scale of any existing residential uses that may be adjoining, and that the project has the potential to stimulate further interest and development activity in the area.

(g) Whether submitting for rezoning and/or the development agreement, an applicant's compliance with all of the qualification criteria and general requirements as set forth herein for in-fill development, shall not assure that such approval(s) will necessarily be granted by Council.

Section II. INCENTIVES

For a project that meets the qualification criteria and general requirements for in-fill development as set forth in Section I of this policy, the City may rebate the developer $2500 per dwelling unit, which the developer may use to recoup costs for any of the following development fees, impact fees, and other charges otherwise paid by the developer. Pending the availability of funding each year, said rebate may be paid by the City (at such time as construction is completed and dwelling units are cleared for occupancy) from an account specifically designated for this purpose, as part of the annual City budget.[4]

(a) Civil Plan Review Fees
(b) Water/Sewer Assessment and Connection Buy-In Fees
(c) Median and Street Light Construction Buy-In Fees
(d) Parks Residential Development Tax
(e) Traffic Signal System Development Fee
(f) System Development/Impact Fees
(g) Off-Site Inspection and Testing Fees
(h) Water Meter Installation Fee
(i) Refuse Container Fee
(j) Street Clean-Up Fee
(k) Building Plan Review Fee
(l) Building Permit Fee and Building Inspection Fees

Calculation of the above fees shall be done by City staff, based upon the certificates of quantities, areas, and other information submittals by the developer as required by City Code, in accordance with currently adopted formulas and fee schedules. The posting of warranty bonds and performance bonds, as required by City Code, shall remain the responsibility of the developer.

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accurate documentation submitted by the developer relative to property values in the area, maintenance levels, demographic trends, and other tangible characteristics applicable to the area in question.

[4] *It is important to note that the availability of this financial incentive is subject to annual approval through the City budget by the Mayor and Council, and further, that such incentive may be granted only for as long as funds remain available from the amount budgeted each year.*

Given the prospect of competition for whatever funds that may be authorized each year for this program, City staff shall administer the rebates as equitably as possible, on a first come/first serve basis.[5] Within thirty (30) days of receiving clearance to occupy one (1) or more dwelling units, the applicant must submit a letter to the Planning Director, or designee, requesting the rebate and identifying the addresses of each unit for which the rebate is sought. Upon receiving the letter and subsequently verifying that the clearance(s) have been issued with no remaining issues regarding code compliance, project completion, or other term(s) of the development agreement, the Director or designee shall forward a request to the City Accounting Division to release a check payable to the developer for an amount of rebate determined by the number of units completed and cleared for occupancy, in accordance with the provisions of the development agreement.

Section III. DEVELOPMENT STANDARDS

In addition to meeting the applicable standards and requirements set forth in City development codes, in-fill development projects receiving the incentives provided in Section II of this policy, shall also comply with each of the following development standards as applicable:

(a) To reduce the financial obligations of a homeowners' association, in the event that a developer wishes to form one, the City encourages storm water retention basins to be located, where practical and feasible, adjacent to a major arterial street so as to enable, at the City's election, dedication to the City for maintenance, unless such capacity is already provided for within an existing basin.

(b) All streets and drives within any residential development shall be dedicated to the City for maintenance by the City. Private drives, common areas, and tracts for private purposes other than storm water retention, shall be prohibited within subdivisions featuring detached units, and minimized to the extent practical and feasible within subdivisions featuring attached units.

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[5] *"First come/first serve" shall be determined by the time and date that the developer's Statement of Intent (see Section I, General Requirements, paragraph (a) on p. 3) is received by the Planning & Development Director, either by mail or delivered in person.*

Immediately upon approval of the development agreement by the Mayor and Council, the Director or designee shall issue a purchase order to encumber funds for the rebate, calculated at the rate of $2500 per dwelling unit, provided that sufficient funds are available from the designated City account. The encumbrance shall remain for a maximum period of two (2) years. If construction has not commenced by the end of such period, or if evidence exists that construction will not be completed by the developer identified, or in the manner specified, in the development agreement approved by Council, the Director or designee may remove the encumbrance to make those funds available for other requests.

(c) Each single-family ownership product shall include, as standard, all of the following features (condominium development shall be exempt from the requirements of items #1-4):

1. Front yard landscaping consisting of at least two (2) trees 15 gallon in size or larger, plus six (6) shrubs 5 gallon in size or larger, plus ground cover, all being drought tolerant material, with automatic underground irrigation.
2. Two (2) parking spaces within a garage enclosure, attached or detached, and architecturally integrated.
3. One hundred twenty (120) sq. ft. enclosed storage area under roof, attached or detached to the dwelling unit (unless such space is available in the garage without displacing a parking space).
4. Rear yard fully enclosed by a six (6) ft. high masonry wall, with solid gates as necessary.
5. Copper electrical circuitry and copper water supply piping throughout the dwelling.
6. Insulation values to achieve a minimum R-19 exterior wall rating and R-30 roof rating, certified by a local utility provider.
7. Roofing materials certified by the manufacturer to achieve a twenty-five (25) year life or greater.